

# FY 17 PROPOSED BUDGET

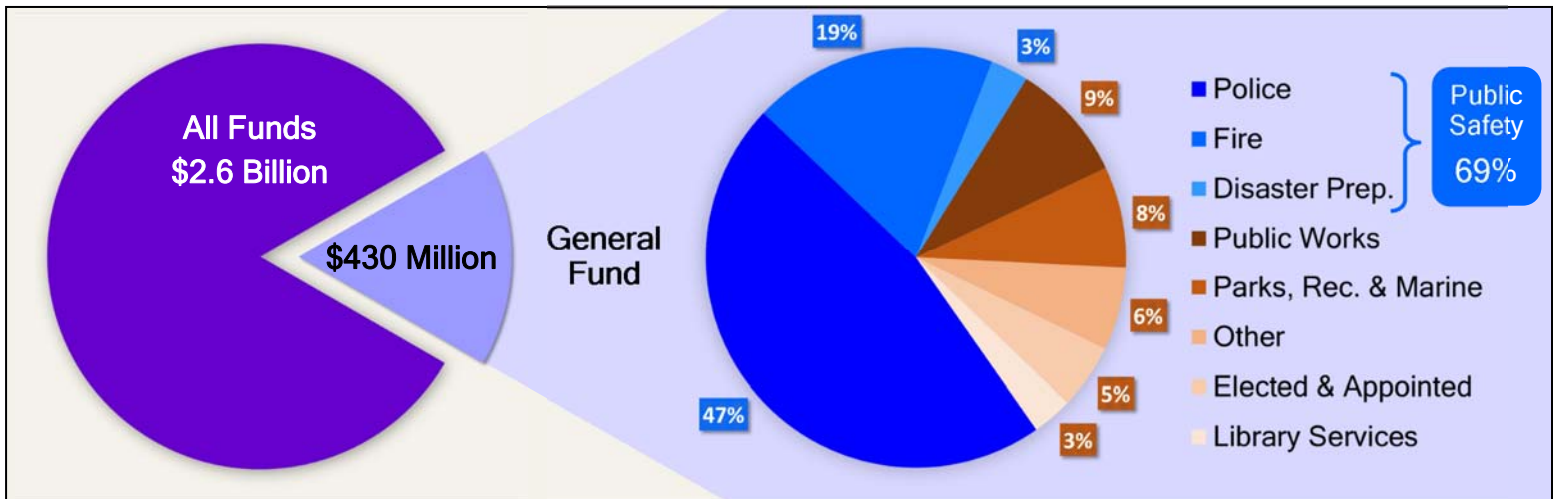
## CITY OF LONG BEACH



This handout summarizes the City Manager's FY 17 Proposed Budget that has been presented to the Mayor and City Council for consideration. The FY 17 Budget must be adopted by the City Council by September 15, 2016. Please see the back page for information on how you can share your preferences with us.

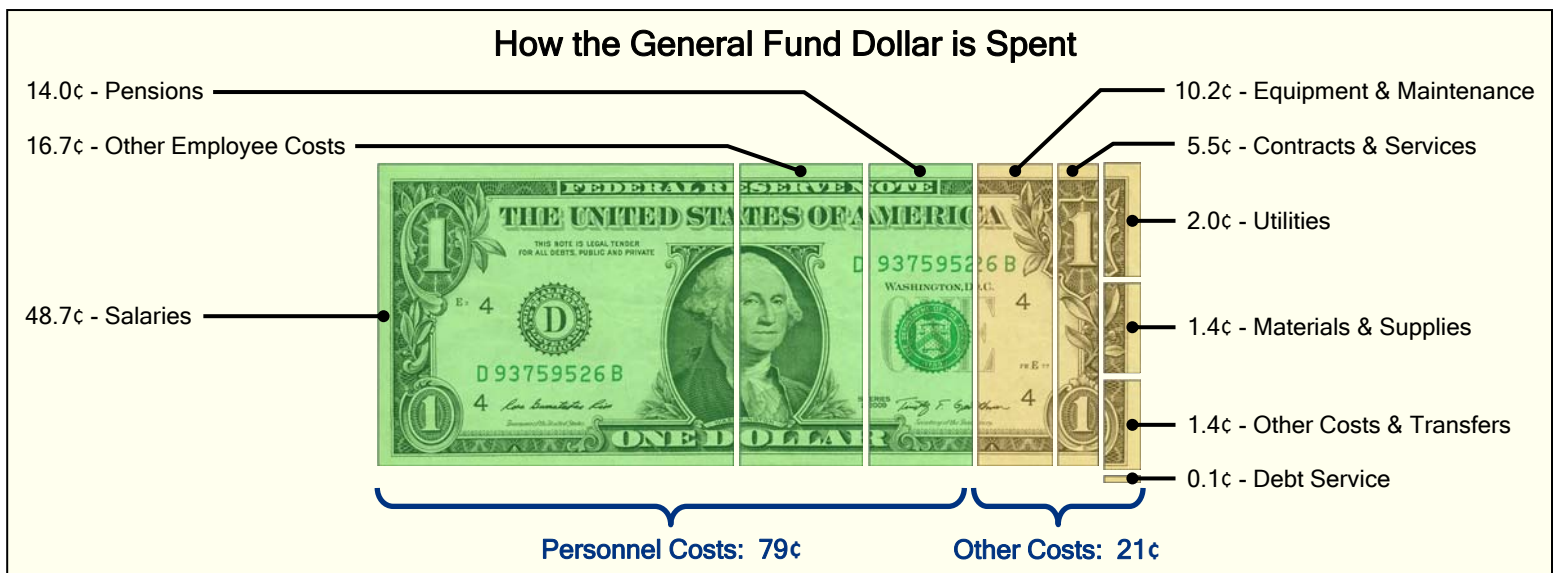
### THE GENERAL FUND

The City has a \$2.6 billion budget. However, a majority of these resources are designated by law for specific purposes. The only portion of the City's \$2.6 billion budget that is completely discretionary is the General Fund. The General Fund accounts for only 17 percent (\$430.5 million) of the FY 17 Proposed Budget. It provides much of the resources for critical City services, including police patrol and investigations, fire response, parks, streets and sidewalks repair, and library services



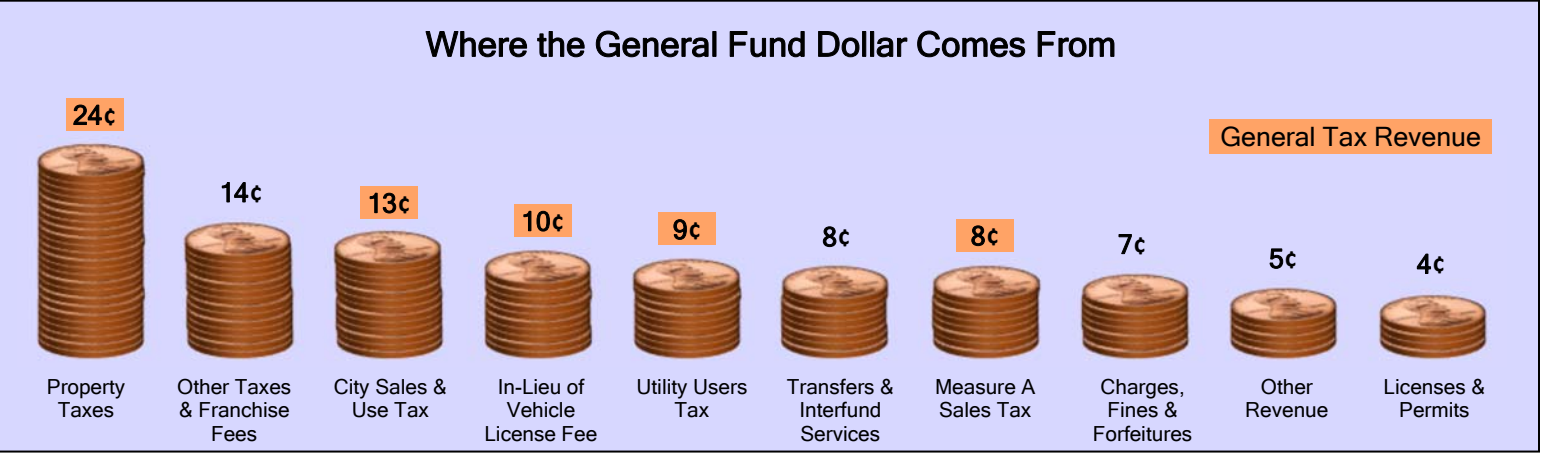
### EXPENDITURES

As is shown in the chart above, 69 percent of the General Fund in FY 17 is devoted to Public Safety. The remaining 31 percent supports all other City departments that rely, in some degree, on the General Fund. As shown in the chart below, 79¢ of every General Fund every dollar in FY 17 will be used to pay the salaries and benefits of City employees. All other General Fund expenditures account for approximately 21¢ of each dollar.



# REVENUES

The General Fund primarily relies on general tax revenue. Among the largest are Property Tax Sales and Use Tax, In Lieu of Vehicle License Fee, and Utility Users Tax. In FY 17, approximately 64 percent of all General Fund revenues comes from taxes.



# OUTLOOK

While the revenue situation has improved since the Fiscal Outlook was presented in March 2016, long-term revenues are not expected to be sufficient to maintain service increases outside of the use of Measure A to maintain and enhance public safety. As the adjacent chart indicates, expenses are projected to continue to outpace revenues. The three-year outlook shows that we were facing a starting shortfall of \$15.9 million over the three-year period (FY 17 – FY 19) before balancing this budget. However, due to the City use of Measure A to maintain public safety, we are facing much more modest shortfalls than originally projected. These shortfalls will need to be resolved within non-public safety operations without the use of Measure A dollars.

General Fund Surplus/Shortfall (in Millions)				
	FY 17 Budget	FY 18 Projected	FY 19 Projected	Cumulative
Before Balancing	(\$4.8M)	(\$4.3M)	(\$6.8M)	(\$15.9M)
Proposed Budget	\$0.07M*	(\$1.4M)	(\$1.9M)	(\$3.3M)
* Assumes structural deficits are solved and any structural surplus is assumed to carry over to help in the following year.				

# CHALLENGES AND PLAN FOR STRONG FINANCIAL MANAGEMENT

It is anticipated that the City Council will continue to use strong financial management to address our budget challenges in order to reduce the shortfall for non-public safety departments. We have already taken many steps that have helped to address previous budget challenges.

Challenge	Approach
Price of oil declined significantly in FY 16, but is anticipated to rise slowly after FY 17	FY 17 Proposed Budget conservatively assumes \$35 per barrel level
CalPERS rate increases are anticipated to continue until FY 31	Nearly \$10 million in the stabilization fund will help smooth funding and contributions will pay off liability in about 30 years
Healthcare costs continue to grow	Plan to partially mitigate costs through competitive bidding process to ensure best value
Agreements with bargaining groups are not addressed in budget	Opportunity for fair agreements, recognizing value of employees and addressing City's largest cost drivers
Maintain adequate reserves	Added new Rainy Day fund (Measure B)

# BUDGET HIGHLIGHTS

The FY 17 Proposed Budget minimizes service cuts and prepares for the future by avoiding increases, except as necessary to address previous initiatives or committed costs. The key elements are described below:

## **Preservation of Services**

While Measure A has allowed the City to invest in infrastructure and support public safety, reductions in non-public safety functions were necessary to balance the budget. In general, the proposed budget maintains last year's proportionate share budget allocation, but some adjustments have been made to address the City's prior year commitments and obligations. The proposed budget includes use of Measure A to fund the proportionate share of Police and Fire reductions at the level of \$2.3 million and \$0.9 million, respectively.

## **Maintain and Enhance Public Safety**

Public Safety is Long Beach's highest priority. Measure A will re-establish the South Police Division at a cost of \$2.4 million in FY 17. Using Measure A, the budget restores Fire Engine 8 at a cost of \$2.3 million. This restoration will help the Fire Department improve citywide response times for both fire and EMS responses. This budget also includes a Police recruit academy and two Fire recruit academies and \$2.2 million in Police over-time to address violent crime activities.

## **Investment in Public Infrastructure**

The passage of Measure A allows the City to make an investment of \$27.2 million in FY 17 to address the City's aging and deteriorating infrastructure. These funds will supplement the City's Capital Improvement Program of \$49.2 million for FY 17.

## **Focus on Economic Development**

Economic Development in Long Beach is part of our strategy to continue to grow the revenue base and help balance future budgets. The budget includes an ombudsman position to assist with the small business loan program, location assistance, and reporting and data analysis. In addition, the City's Economic Development Commission, with the assistance of City staff, will prepare an Economic Development Blue Print.

## **Funding City Council Priorities**

The FY 17 budget recognizes those priorities and provides structural or one-time solutions to continue funding them. These include, but are not limited to, Language Access Plan, homeless services, Be SAFE, Sunday library hours, and park maintenance.

## **Marketing and Promotions**

FY 15 was, again, a record year for hotel occupancy taxes. This additional revenue has boosted the Special Advertising and Promotions Fund, and will allow the City to make some strategic investments. The Long Beach Museum of Art will receive ongoing support of \$150,000 for promotion and marketing, and the Long Beach Convention and Visitors Bureau will receive an additional support to bring visitors and needed business to the City's convention center and hotels. Two Beach Streets events will also take place in FY 17.

## **Funding Our Current and Future Commitments**

The FY 17 budget recognizes the City's programmatic commitments and provides solutions to fund these commitments. These commitments include, but are not limited to, labor contract compliance and Minimum Wage enforcement, water conservation and water needs, emergency tree maintenance in parks, staff training to address audit issues, and development of a Climate Action Plan.

## **Clean Team Operations and Refuse Funding**

The Refuse Fund continues to operate with a structural imbalance. Staff is proposing a fee increase for FY 17 and FY 18 with the goal of structurally balancing the fund. Long Beach's refuse rates will still remain lower than comparable full-service cities like Los Angeles, Burbank, Pasadena, Santa Monica, and San Jose. The rate increase will also support two fully-funded "Clean Teams" to conduct more proactive beautification efforts and trash clean up throughout the City.

## **Innovation and Efficiencies**

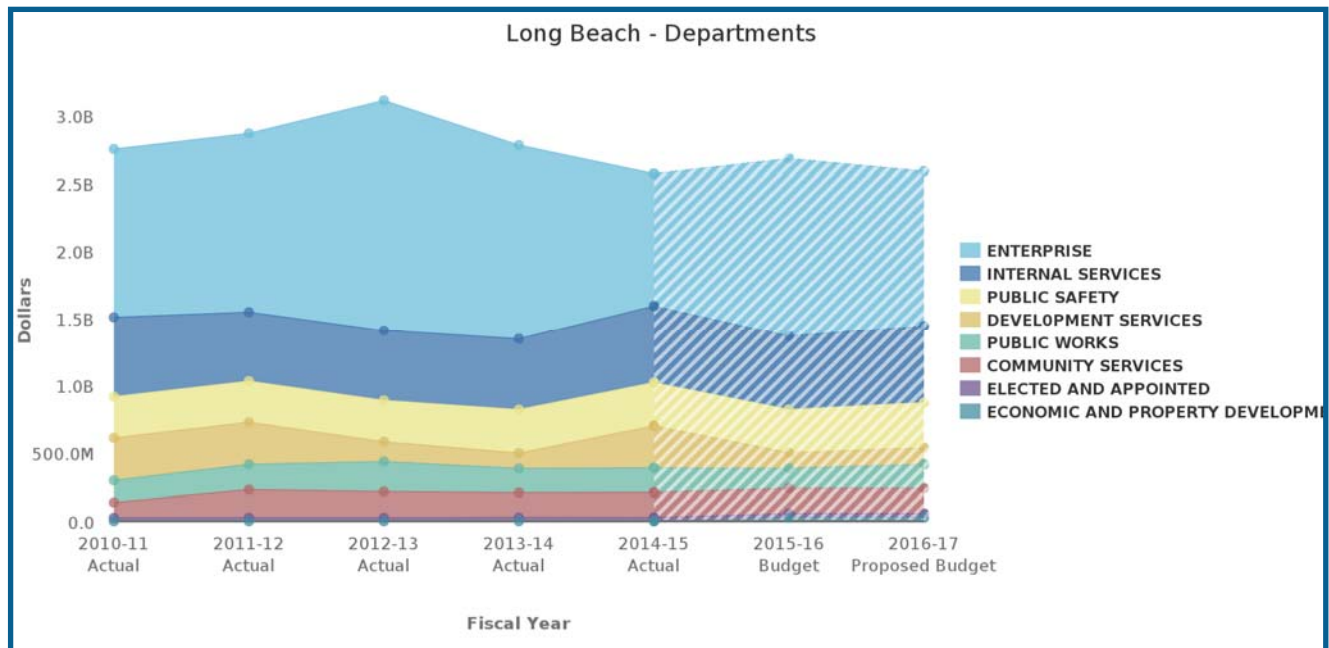
In February 2015, the City accepted a \$3 million three-year Bloomberg Philanthropies Innovation Team Grant. The grant is designed to improve the capacity of local government to effectively design and implement new approaches that improve the lives of residents. In FY 17, the i-team will turn its attention to a new priority. City departments will also be undertaking a number of efficiency-oriented initiatives including the installation of new LED streetlights, implementation of ePlan check, and changing street sweeping routes and times.

# PUBLIC INPUT/COMMUNITY ENGAGEMENT

There are a variety of ways to participate in the FY 17 Proposed Budget process. Visit [longbeach.gov](http://longbeach.gov) or call (562) 570-6425 for information.

## – #EXPLORE THE BUDGET VISUALLY

Use OpenLB to explore the Proposed Budget at [longbeachca.opengov.com](http://longbeachca.opengov.com).



## – #TAKE THE LONG BEACH BUDGET PRIORITY SURVEY

This simple survey lets you identify what the City's General Fund priorities should be. Go to [longbeach.gov/budgetsurvey](http://longbeach.gov/budgetsurvey).

Service	Very Important	Somewhat Important	Not Very Important	Not at All Important	No Opinion
Providing free or low-cost recreation programs for youth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining and repairing public buildings (community and senior centers, fire stations, libraries, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Providing special events and programs for families	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining a low crime rate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Preparing the community for emergencies or disasters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Providing programs for seniors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintaining parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Providing neighborhood police patrols	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## – #ATTEND A BUDGET MEETING & SHARE YOUR THOUGHTS IN PERSON

See calendar online at [longbeach.gov](http://longbeach.gov)

## – #SHARE YOUR THOUGHT ONLINE

Twitter #LBFY17 and @LongBeachCity; or on Facebook, Long Beach City.

## – #CALL OR EMAIL YOUR COUNCILMEMBER

See online directory at [longbeach.gov](http://longbeach.gov).